Early Warning System

MIGA-3547

Ciclo Combinado Tierra Mojada S.A. de R.L. de CV.

Early Warning System

MIGA-3547

Ciclo Combinado Tierra Mojada S.A. de R.L. de CV.

Quick Facts

Countries	Mexico
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Bank Risk Rating	B
Voting Date	2017-05-23
Borrower	Fisterra Energy Holdings LP, or one of its affiliates</br>Other financial institutions yet to be ide
Sectors	Energy
Investment Amount (USD)	$ 916.00 million

Project Description

This summary covers an application made by Fisterra Energy Holdings from Spain to cover its equity investment in Ciclo Combinado Tierra Mojada S.A. de R.L. de CV, (the Project) in the Republic of Mexico. MIGA coverage has been sought for up to US$916 (including commercial debt) against the risk of transfer restriction, expropriation, war and civil disturbance, and breach of contract for a tenor of up to 15 years.

The Project consists of the design, construction, operation and maintenance of a gas-fired combined cycle gas turbine power plant with approximately 875MW of capacity. The new plant will be located in Zapotlanejo, Jalisco - 35km east of Guadalajara, Mexico's second largest city. The power will be transmitted thought two transmission lines that will be connected to the existing 400kV Atequiza-Aguascalientes transmission line and the Atequiza-Zapotlanejo transmission systems located at 1km and 2km from the Project site, respectively. The natural gas required to power the Project will be supplied by the pipeline system Villa de Reyes-Aguascalientes – Guadalajara.

Environmental Categorization

The project is a category B under MIGA's Policy on Environmental and Social Sustainability. Click here for the project's Environmental and Social Review Summary.

Development Impact

The Project is one of the first private sector generator initiatives to be implemented under the recently enacted Energy Sector reform of 2013. It consists of a combined cycle gas turbine generating electricity and selling it to Mercado Eléctrico Mayorista (MEM) which is operated by National Center of Energy Control (CENACE), the country's new wholesale energy market broker, and also to CFE Calificados through a Hedge Agreement for the Purchase and Sale of Capacity and Energy (Contrato de Cobertura para la Compra y Venta de Potencia y Energía Eléctrica). The Project uses the most cutting edge gas technology in the market and is strategically located close to areas of high demand in the country; both contribute to making the Project competitive in terms of cost of generation.

The Project is aligned with the Government's Energy Strategy, Prospectiva Del Sector Electrico 2015-2029. It is expected that inefficient heavy-fuel power plants will be gradually shut down as more efficient technology, such as that of this Project, comes into operation. The gradual substitution of old, expensive and polluting technology with more efficient and cleaner energy will result in a marginal reduction of CO2 emissions.

As one of the first private sector generators post Energy Reform, the Project may also play a significant demonstration effect to display the role and benefits of private sector involvements into power generation in Mexico.

Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

Contact Information

ACCOUNTABILITY MECHANISM OF MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/